January 18, 2007 - With Passage of Energy Bill, Democrats Deliver on Six for '06 Promises

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Washington, DC - Rep. Louise M. Slaughter (D-NY-28), Chairwoman of the House Rules Committee, today applauded the impending completion of the Democrats' Six for '06 agenda. House passage of the Ending Subsidies for Big Oil Act (H.R. 6) later this afternoon will enact the final piece of the Democrats' first 100 hours platform.

"Democrats promised the American people a Congress that would work for them again, and in 100 hours, that is what we delivered," Rep. Slaughter said. "Our opening agenda focused on important issues that the previous Leadership either could not or would not address. These bills passed in a bipartisan fashion and enjoyed broad public support. Their merits were never in question. All that was needed to improve the security and quality of life of the American people was new leadership in Washington."

H.R. 6, expected to pass the House today, increases funding for alternative energy research by repealing $13 billion in tax breaks and subsidies given to major oil companies by the previous Congress, despite last year's record profits for the industry.

"Energy independence is a matter of national security," continued Slaughter. "What's more, alternative energy industries have already created hundreds of thousands of new jobs and stimulated billions of dollars of economic growth right here at home. It's time to stop sending $800 million every day to oil producing countries overseas, and time to start investing in American jobs and American communities."

The "Six for ‘06" bills passed by Democrats in the First 100 Hours included:

- H.R. 1: Implementing the 9/11 Commission Recommendations Act
- H.R. 2: Fair Minimum Wage Act
- H.R. 3: Stem Cell Research Enhancement Act
- H.R. 4: Medicare Drug Price Negotiation Act
- H.R. 5: College Student Relief Act
- H.R. 6: Ending Subsidies for Big Oil Act

BACKGROUND: THE DEMOCRATIC ENERGY AGENDA

H.R. 6 represents the Democratic Party's approach to energy security, and places it in sharp contrast with the approach top Republicans and the White House have taken in recent years.

Facts about the ‘Ending Subsidies for Big Oil Act'

- Closes Tax Loophole for Oil Companies: The bill would eliminate a loophole written into an international tax bill which allowed oil companies to qualify for a tax provision intended to encourage domestic manufacturing. This loophole provided ConocoPhillips with $106 million in 2005, even as it enjoyed profits totaling $13.5 billion. [New York Times, 4/27/06] (JCT: $6.5 billion over 10 years)

- Rolls-Back 2005 Energy Bill Tax Break for Geological and Geophysical Expenditures: The bill rolls back tax breaks for geological studies for oil exploration, similar to a proposal in the FY 2007 Bush budget. This tax break is rolled back for only the 5 largest integrated oil companies.

- Repeals Five Royalty Relief Provisions from the 2005 Energy Bill: The measure strikes energy bill provisions suspending royalty fees from oil and gas companies operating in certain deep waters off of the Gulf of Mexico. (Grijalva amendment to strike this provision was defeated 203-227, Vote 128, April 21, 2005.) It also repeals royalty relief for deep gas wells leased in shallow waters of the western and central areas of the Gulf. It includes a provision from the President's FY 2007 budget restoring drilling permit application cost recovery fees; the 2005 Energy bill prohibited these fees. The measure also strikes royalty relief for specific offshore drilling in Alaska, and special treatment for leases in the National Petroleum Reserve - Alaska (NPR-A).

Curbing Dependence on Foreign Oil

- Record Highs - The United States now has a record dependence upon foreign oil sources, importing over 65 percent of our oil from overseas at a cost of approximately $800 million per day.

- A Matter of National Security - As a group of concerned national security experts and environmentalists led by prominent conservative Frank Gaffney wrote last year in an open letter to the American people: "America consumes a quarter of the world's oil supply while holding a mere 3% of global oil reserves. It is therefore forced to import over 60% of its oil, and this dependency is growing. Since most of the world's oil is controlled by countries that are unstable or at odds with the United States this dependency is a matter of national security. At the strategic level, it is dangerous to be buying billions of dollars worth of oil from nations that are sponsors of or allied with radical Islamists who foment hatred against the United States." [Set America Free Coalition, "Open Letter to the American People," available at: http://www.setamericafree.org/openletter.htm]

The Benefits of Investment in Alternative Energy...

- Accelerating the implementation of existing clean, energy-efficient technologies and investing in research and development for solar, wind, biomass, geothermal, fuel cells, and alternative fueled vehicles will put America's innovators, engineers and talented workforce to work.

- American farms abound with crops that can be used to fuel our cars and trucks - from corn to soybeans to switchgrass. In 2005, the ethanol industry supported the creation of more than 150,000 jobs in all sectors of the U.S. economy, boosting U.S. household income by $5.7 billion. [Report for the Renewable Fuels Association]

- Energy efficiency policies to stimulate investment in high efficiency products and services would generate over 800,000 jobs by 2010, and almost $30 billion in new wages. [Tellus Institute & Stockholm Environment Institute, 1999]

...As Opposed to the Bush-Cheney Energy Plan:

- Ken Lay and Big Oil wrote the Energy Plan: Early in the Bush Administration, Ken Lay, the now-convicted former head of Enron, was not only helping write America's energy policy he was also interviewing candidates for the Federal Energy Regulatory Commission (FERC) and recommending the ones who would be most friendly to Enron's agenda. Lay even offered to put in a good word for a FERC Commissioner with the White House if the commissioner changed his policy on electricity competition. [Lowell Bergman and Jeff Gerth, "Power Trader Tied to Bush Finds Washington All Ears," New York Times, 5/25/01.]

- Companies such as Ken Lay's Enron Corp. racked up huge profits at consumers expense while gaming California's energy crisis in 2000-01: Enron was one of dozens of electricity wholesalers that "allegedly gamed California's haphazardly deregulated wholesale electricity market."   California utility customers, hammered by soaring bills, learned how "Enron employees chuckling about how they had forced "Grandma Millie" and other helpless ratepayers to spend more to keep their lights on." "Enron's widely copied manipulation schemes, dubbed such colorful names as "Fat Boy" and "Death Star," pulled billions of dollars from the pockets of California ratepayers and contributed to the rolling blackouts that plagued the state during the crisis." [Marc Lifsher, "Trader's Effect Felt Powerfully in the West, 1/30/06]

- Cheney's ‘Energy Task Force,' composed of oil industry executives, made self-serving recommendations: The Cheney task force met secretly for several months and then issued a report in May 2001 making a number of energy industry-friendly recommendations, such as opening protected lands to oil and gas drillers, building hundreds of power plants, and easing some environmental regulations. [Joseph Kahn, "Bush Advisers On Energy Report Ties To Industry," New York Times, 6/3/01.]   Although the White House refused to release the names of the industry executives the Cheney task force met with (and even went to court to block a Congressional inquiry), later investigations determined that 18 of the 2000 Bush-Cheney campaign's top 25 energy industry campaign contributors attended Cheney energy task force meetings. [Don Van Natta Jr. and Neela Banerjee, "Top GOP Donors in Energy Industry Met Cheney Panel," New York Times," 3/1/02.]

- Bush Administration political appointees blocked efforts to promote industry accountability or conservation: This administration's political appointments from the energy industry have loyally protected big business from any proposal to conserve energy or hold the energy business accountable for environmental harm they cause. The Sago mining disaster in West Virginia last year highlighted the Bush Administration's lopsided priorities with respect to mining safety policy - a practice which has resulted in fewer safety inspections and fewer fines for safety violations. [Seth Borenstein, and Linda J. Johnson, "Under Bush, Mine-Safety Enforcement Eased," Philadelphia Inquirer, 1/8/06] As former Republican Congressman Joe Scarborough (R-FL) recently commented, the Bush Administration's hiring energy executives and lobbyists to fill government positions is like "foxes guarding the henhouse." [Joe Scarborough, "Scarborough Country," MSNBC Transcript, 1/10/06, 10:00 PM EST.]

Examples include:

- J. Steven Griles, the former Deputy Secretary at the Interior Department, received payments from his former lobbying firm totaling more than $1 million while acting as the number-two official in that agency. In spite of promising to avoid conflicts with his old firm and clients as a condition of his Senate confirmation, Griles continued to assist the energy and mining industry clients his old firm represented. Soon after joining Interior, Griles held a dinner party for department officials at the home of his former lobbying partner. He also intervened in a case regarding the right of his old clients, Chevron and Shell, to drill for natural gas in the Gulf of Mexico and off the coast of California. [Rick Weiss, "Report Critical of Interior Official; Inspector General Calls Deputy Secretary's Dealings With Companies Troubling," Washington Post, 3/17/04] He helped another old client, Advanced Power Technologies, Inc., win more than $2 million worth of sole-source, no-bid contracts from the Bureau for Land Management (BLM) for aerial mapping work the BLM never requested. [John Aloysius Farrell, "A Fox in Interior's Henhouse," Denver Post, 4/4/2004.] Griles is now a target of the federal investigation into Jack Abramoff's illegal lobbying activities. [Susan Schmidt, "Ex-Interior Deputy a target in Abramoff Probe," Washington Post, 1/10/2007.]

- In 2002 and 2003, Philip A. Cooney, former oil industry lobbyist and then-Chief of Staff for the White House Council on Environmental Quality, made dozens of changes to government climate reports that greatly weakened the reports' stances on global warming. Contrary to the findings of the scientists at the Environmental Protection Agency, Cooney's changes minimized the links between greenhouse gas emissions and climate change. [Andrew C. Revkin, "Bush Aide Edited Climate Reports," New York Times, 6/8/05.] Cooney had no scientific training, but had worked as a lobbyist at the American Petroleum Institute for more than ten years. As a climate team leader there, his focus was on defeating legislation that would restrict greenhouse gas emissions. [Revkin, "White House Calls Editing Climate Files Part of Usual Review," New York Times, 6/9/05]. Two days after Cooney's revisions came to light, he resigned from the White House and took a job with Exxon Mobil, which has long lobbied against cutting emissions and has continually questioned the risks of global warming. [Revkin, "Former Bush Aide Who Edited Reports is Hired by Exxon," New York Times, 6/15/05.]

- On January 30th, 2004, the Bush administration proposed new industry-friendly mercury pollution regulations for power plants. Reducing mercury emissions is an important public policy goal because mercury can cause serious neurological and developmental damage. A large portion of the proposed regulations was taken, sometimes verbatim, from suggestions drafted by industry lobbyists from Latham and Watkins, a major firm representing utility and energy companies with a vested interest in the regulations. [Eric Pianin, "Proposed Mercury Rules Bear Industry Mark; EPA Language Similar to That in Memos From Law Firm Representing Utilities," Washington Post, 1/31/04] Instead of requiring coal-burning utilities to use the best possible technology to reduce their mercury pollution (as was discussed in earlier in the rulemaking process), the final Bush rules imposed only a lower standard endorsed by the energy companies. The architect of the new rules and head of the EPA's air policy office was a former partner at Latham and Watkins. [Pianin, "EPA Led Mercury Policy Shift; Agency Scuttled Task Force That Advised Tough Approach," Washington Post, 12/30/03]

- Cheney Energy Plan did nothing to reduce consumption: According to a 2004 analysis by the Energy Information Administration (EIA) of the Department of Energy, the Republican energy plan will not reduce the overall amount of energy consumption in the United States, and will cause the average gas prices in the year 2015 to be 3-8 cents higher than they would be under current law. [http://www.eia.doe.gov/oiaf/servicerpt/pceb/index.html]

- High Gas Prices - High Industry Profits: According to figures published by the Energy Information Administration (EIA) of the Department of Energy, the average price of gas per gallon reached over $3.00 during August 2006. [EIA, Weekly US Retail Gasoline Prices, 1/5/2007] During the same time period, Exxon Mobil reported the second highest quarterly earnings in its history, bringing in $10.5 billion during the third quarter. [USA Today, "Exxon reports $10.5 billion in quarterly profit," David Lynch, 10/26/2006]

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